

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 COME-00 OPIC-03
CIAE-00 INR-10 NSAE-00 /076 W
-----002455 270508Z /17

R 270355Z MAR 78
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 9616
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO

C O N F I D E N T I A L HONG KONG 3845

EO 11652: GDS
TAGS: EINV, HK, ID, JA, MY, RP, SN, TH
SUBJECT: U.S. INVESTMENT MISSION FOR ASEAN

REFS: (A) MANILA 4661 (B) JAKARTA 3629 (C) KUALA LUMPUR 2190

1. ALTHOUGH WE STAND ON THE PERIPHERY OF THE US-ASEAN RELATIONSHIP, WE WOULD LIKE TO COMMENT ON EMBASSY KUALA LUMPUR'S PROPOSAL FOR AN INVESTMENT MISSION TO THE ASEAN NATIONS (REF C).

2. WE FAVOR KUALA LUMPUR'S SUGGESTION OF A USG SANCTIONED INVESTMENT MISSION TO THE ASEAN COUNTRIES. WE AGREE THAT SUCH A MISSION WOULD DEMONSTRATE AMERICAN RESPONSIVENESS TO A MAJOR ASEAN CONCERN. FROM OUR PERSPECTIVE, A USG EFFORT TO PROMOTE INVESTMENT IN THE ASEAN NATIONS WOULD BE VIEWED FAVORABLY BY THE HONG KONG GOVERNMENT INASMUCH AS IT SIGNALLED AN AMERICAN COMMITMENT TO REGIONAL STABILITY AND SUPPORT FOR PRIVATE INVESTMENT THAT COULD BRING DIRECT
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BENEFITS TO HONG KONG ITSELF. BUT THE HKG WOULD AT BEST BE AMBIVALENT ABOUT A USG POLICY THAT HELPED AMERICAN CAPITAL MOVE TO ITS REGIONAL COMPETITORS, PARTICULARLY SINGAPORE.

3. WE FEEL QUITE STRONGLY THAT THE INVESTMENT TEAM BE COMPOSED OF GENUINELY INFLUENTIAL REPRESENTATIVES

OF AMERICAN FIRMS AND THAT THE GROUP VISIT ALL OF THE ASEAN NATIONS. WE HAVE SOME RESERVATIONS, HOWEVER, ABOUT OPIC'S INVOLVEMENT IN THE MISSION. SHOULD OPIC'S NEW CHARTER EFFECTIVELY PRECLUDE IT FROM UNDERWRITING VARIOUS PROJECTS IN SOME OF THE ASEAN COUNTRIES, OPIC MIGHT APPEAR LESS ENTHUSIASTIC THAN THE PRIVATE SECTOR MEMBERS OF THE TEAM.

4. THERE IS ALSO THE POSSIBILITY THAT THE GENERALLY WELCOMING ATTITUDE OF THE ASEAN NATIONS, AND HONG KONG, TOWARD THE PROPOSED MISSION MAY BE TINGED WITH SKEPTICISM BECAUSE THE PROPOSED LEGISLATION ENDING DEFERRAL OF U.S. TAXES ON PROFITS FROM OVERSEAS INVESTMENTS IS WIDELY VIEWED AS INTENDED TO DISCOURAGE U. S. INVESTMENT ABROAD.

5. WE WOULD ALSO LIKE TO ASSOCIATE OURSELVES WITH THE REMARKS OF EMBASSY MANILA (REF A) THAT THE MISSION MUST BE WELL PREPARED TO INSURE THAT IT NOT CAUSE FALSE HOPES.

6. FOR THE ASEAN NATIONS THEMSELVES, WE WOULD HOPE THAT THEY CAN BE SUCCESSFULLY ENCOURAGED TO PRESENT CAREFULLY PREPARED INVESTMENT OPPORTUNITIES. WE WOULD RECOMMEND CAUTION IN DEALING WITH THE FIVE ASEAN INDUSTRIAL PROJECTS, SOME OF WHICH RAISE SERIOUSLY DIVISIVE ISSUES AMONG THE MEMBERS.
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